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**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

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Ref: ENF-L

November 17, 2010

Bill Duffy
Davis Graham & Stubbs
1550 Seventeenth Street, Suite 500
Denver, CO 80202

Re: Rico-Argentine Site in Rico, Dolores County,
Colorado

Dear Mr. Duffy,

This letter is in response to the recent communications between Atlantic Richfield and EPA regarding the Rico-Argentine Site in Rico, Colorado. Six weeks ago, on October 6, 2010, EPA sent Atlantic Richfield a draft Administrative Order on Consent and Statement of Work ("AOC" and "SOW," respectively). On November 2, 2010, Chuck Stilwell, Atlantic Richfield's Project Coordinator, and Steven Way, EPA's On-Scene Coordinator, discussed the technical aspects embodied both in the SOW and in Atlantic Richfield's proposed water treatment system schedule. Pursuant to those communications, EPA proposes the timeline and actions discussed below.

As you know, EPA and Atlantic Richfield have not yet met to discuss the legal aspects of the AOC. In order for work to proceed in early spring, these issues require relatively quick resolution. Therefore, EPA requests any comments Atlantic Richfield may have on the legal aspects of the AOC by December 2, 2010, with additional negotiations as needed to finalize an AOC by January 31, 2011.

Chuck and Steve discussed the elements of a potential Work Plan to address the adit discharge and settling ponds. Based on those discussions, EPA requests that Atlantic Richfield submit a draft Work Plan (embodying the elements set forth in the October 2, 2010 draft Statement of Work) by December 16, 2010, and again, to meet as needed to achieve the goal of having a finalized Work Plan by January 21, 2011, and AOC by January 31, 2011. While it is EPA's desire to negotiate an AOC and Work Plan satisfactory to both parties, if we are unable to do so by January 31st, EPA will continue considering other enforcement options.

Atlantic Richfield has made it clear that its preferred route to addressing the Site is to work with the State to obtain a permit for the discharge. EPA still feels it best to begin the work and implement the initial phase of response actions at the Site via the suggested Order and Work

Plan; however, EPA is still willing to work with the State to determine if the long-term approach can be managed under a discharge permit.

Finally, since EPA is now proposing the submittal of a Work Plan, rather than a SOW, please refer to the suggested language to be added to the proposed AOC in Enclosure 1 to this letter.

Thank you for your continued cooperation in this matter. If you have questions, please don't hesitate to contact me at 303.312.6410.

Sincerely,



Amelia Piggott
Enforcement Attorney
U.S. EPA Region 8

Enclosure

cc: Steve Way, 8EPR-SA
Carol Pokorny, 8ENF-RC
Matt Cohn, 8ENF-L
Chuck Stilwell, AR
Nathan Block, AR

cc's sent via electronic mail.

Attachment 1

~~22. Respondent shall perform, at a minimum, all actions necessary to implement the Statement of Work, attached hereto as Appendix 3.~~

~~23.~~

~~24.22.~~ Respondent shall perform the actions embodied in the Work Plan, including specifically:

- a. Removal of precipitation solids from settling ponds;
- b. Construction of a solids repository;
- c. Investigation of collapsed St. Louis Tunnel Adit;
- d. Construction of appropriate hydraulic controls of the adit discharge; and
- e. Development of a 30% water management system design.

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